United Nations A/53/783

General Assembly

Distr.: General
7 January 1999

Original: English

Fifty-third session
Agenda item 130
Financing of the United Nations Peacekeeping Force in Cyprus

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Report of the Secretary-General

Summary

The present report contains the financial performance report of the United Nations Peacekeeping Force in Cyprus (UNFICYP) for the period from 1 July 1997 to 30 June 1998. The General Assembly, by its resolution 51/235 of 13 June 1997, appropriated an amount of $48,000,800 gross ($45,877,800 net) for the maintenance of UNFICYP, including $1,939,100 for the support account for peacekeeping operations and an amount of $1,131,000 for the cost of termination benefits for locally employed civilians relating to the period of employment after 15 June 1993.

Expenditure for the period amounted to $47,822,300 gross ($45,871,500 net), resulting in an unencumbered balance of $178,500 gross ($6,300 net). The unencumbered balance resulted from slightly lower military personnel costs due to lower actual number of military personnel in the mission area and lower operational cost requirements under infrastructure repairs, transport operations and communications.

The action to be taken by the General Assembly in connection with the financing of the Force is a decision on the treatment of the unencumbered balance of $178,500 gross ($6,300 net) for the period from 1 July 1997 to 30 June 1998.

99-00445 (E) 020299

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I. Introduction

1. The United Nations Peacekeeping Force in Cyprus (UNFICYP) was established by the Security Council in its resolution 186 (1964) of 4 March 1964. The Force's mandate has been extended by the Council in subsequent resolutions, the most recent of which was resolution 1217 (1998) of 22 December 1998, by which it extended the mandate of UNFICYP to 30 June 1999.

2. The budget for the maintenance of UNFICYP for the period from 1 July 1997 to 30 June 1998 was set out in the report of the Secretary-General dated 5 February 1997 (A/51/755/Add.1) and amounted to $50,320,400 gross ($48,180,600 net). It provided for the maintenance of up to 1,230 contingent personnel, 35 civilian police monitors, 45 international and 307 locally recruited staff. Provision of $5,284,000 was also made for the United Nations share of termination payment due to locally employed civilians. The Advisory Committee on Administrative and Budgetary Questions, in paragraphs 37 and 44 of its report dated 3 April 1997 (A/51/851 and Corr.1) indicated that the actual amount to be approved by the General Assembly would depend on the decision it took on the financing of separation payments for locally employed civilians, bearing in mind that UNFICYP was funded on a voluntary basis prior to 16 June 1993.

3. The General Assembly, by its resolution 51/235 of 13 June 1997, appropriated the amount of $48,000,800 gross ($45,877,800 net) for the maintenance of UNFICYP for the period from 1 July 1997 to 30 June 1998, inclusive of an amount of $1,939,100 for the support account for peacekeeping operations and an amount of $1,131,000 for the cost of termination benefits for locally employed civilians relating to the period of employment after 15 June 1993. By the same resolution, the General Assembly called upon Member States to make voluntary contributions to the Special Account for the Force to enable the United Nations to meet its remaining obligations with respect to the locally employed civilian staff. The General Assembly also noted the agreement of the Government of Greece to earmark, on an ad hoc basis, for the period from 1 July 1997 to 30 June 1998, an amount of $2,768,667 from its annual voluntary contribution of $6.5 million to the Force, for this purpose. The Government of Cyprus provided, on an ad hoc basis, the remaining balance of $1,384,333 with respect to termination benefits of locally employed civilian staff. Taking into consideration the funding through voluntary contributions of one third of the cost of the Force, equivalent to $15,292,600 by the Government of Cyprus and of $6,500,000 by the Government of Greece (inclusive of the amount of $2,768,667 earmarked for separation payment for locally employed civilians), the amount of $28,976,867 gross ($26,853,867 net) has been assessed on Member States.

II. Implementation of the budget

4. Information on the operations of UNFICYP and on the situation on the ground during the reporting period under review is contained in the reports of the Secretary-General to the Security Council dated 8 December 1997 (S/1997/962) and 10 June 1998 (S/1998/488 and Add.1).

5. As part of a restructuring and downsizing effort, UNFICYP maintained a freeze on recruitment during the period in order to reduce staffing levels by attrition. As a result of that exercise, 86 local posts were abolished effective from 1 July 1998. During the reporting period, the average vacancy rate of 5.2 per cent for international staff and 6.9 per cent for locally recruited staff involved realignment in the scope and scale of general administrative

support provided, but did not have an adverse impact on the carrying out of the Security Council mandate nor on the Force's operations. This was achieved by extended working hours and additional functions undertaken by the staff to ensure completion of all required tasks.

III. Financial performance report for the period from 1 July 1997 to 30 June 1998

6. As indicated in table 1 below, from the appropriation of $48,000,800 gross ($45,877,800 net) for the maintenance of UNFICYP for the period from 1 July 1997 to 30 June 1998, expenditure amounted to $47,822,300 gross ($45,871,500 net), inclusive of $16,521,800 in unliquidated obligations. The resulting unencumbered balance of $178,500 gross ($6,300 net) represents, in gross terms, approximately 0.4 per cent of the amount appropriated. Annex I to the present report contains the financial performance information for the reporting period by budget line item, with supplementary information on significant variances presented in annex II. Additionally, paragraphs 4 and 9 of annex II contain information on the unforeseen expenditures in connection with the construction of the rations warehouse and the acquisition of data-processing equipment. Annex IV contains a chart showing apportionment and expenditure by main budget groups.

Table 1
Apportionment and expenditure
(Thousands of United States dollars)

Category of expenditure	*Apportionment*	*Expenditure*[a]	*Variance*
Military personnel costs	23 608.0	23 483.9	124.1
Civilian personnel costs	11 297.8	11 601.2	(303.4)
Operational costs	9 007.9	8 177.0	830.9
Other programmes	25.0	15.4	9.6
United Nations Logistics Base at Brindisi	0.0	654.9	(654.9)
Support account for peacekeeping operations	1 939.1	1 939.1	0.0
Staff assessment	2 123.0	1 950.8	172.2
Total	**48 000.8**	**47 822.3**	**178.5**
Income from staff assessment	(2 123.0)	(1 950.8)	(172.2)
Voluntary contributions in kind (budgeted)			0.0
Net requirements	**45 877.8**	**45 871.5**	**6.3**
Voluntary contributions in kind (non-budgeted)			0.0
Total resources	**45 877.8**	**45 871.5**	**6.3**

[a] Includes an amount of $16,521,800 in unliquidated obligations.

7. Information on the deployment of military and civilian personnel during the reporting period is presented in table 2 below and detailed in annexes II and III to the present report.

Table 2
Authorized staffing, incumbency and vacancy rates for military and civilian personnel for the period from 1 July 1997 to 30 June 1998

Personnel category	*Authorized strength*	*Actual strength (average)*	*Vacancy rate (percentage)*
Military contingents	1 230	1 225	0.4
Civilian police	35	35	0.4
International staff	44	42	5.2
Local staff	307	287	6.9

IV. Action to be taken by the General Assembly at its fifty-third session

8. **The action to be taken by the General Assembly in connection with the financing of UNFICYP is a decision on the treatment of the unencumbered balance of $178,500 gross ($6,300 net) for the period from 1 July 1997 to 30 June 1998.**

Annex I

Financial performance report for the period from 1 July 1997 to 30 June 1998: summary statement

(Thousands of United States dollars)

	(1)	*(2)*	*(3)*	*(4) = (1-3)*
	Apportionment	*Non-recurrent expenditure*	*Total expenditure (inclusive of non-recurrent expenditure)*	*Variance*
I. Military personnel costs				
1. Military observers	-	-	-	-
2. Military contingents	21 954.0	-	21 843.4	110.6
3. Other costs pertaining to military personnel				
(a) Contingent-owned equipment	1 454.0	-	1 440.5	13.5
(b) Death and disability compensation	200.0	-	200.0	-
Subtotal, line 3	1 654.0	-	1 640.5	13.5
Total, Category I	**23 608.0**	**-**	**23 483.9**	**124.1**
II. Civilian personnel costs				
1. Civilian police	351.3	-	234.6	116.7
2. International and local staff	10 946.5	49.9	11 366.6	(420.1)
3. International contractual personnel	-	-	-	-
4. United Nations Volunteers	-	-	-	-
5. Government-provided personnel	-	-	-	-
6. Civilian electoral observers	-	-	-	-
Total, Category II	**11 297.8**	**49.9**	**11 601.2**	**(303.4)**
III. Operational costs				
1. Premises/accommodation	1 319.3	243.2	1 415.4	(96.1)
2. Infrastructure repairs	400.0	-	25.0	375.0
3. Transport operations	2 040.7	716.6	1 798.1	242.6
4. Air operations	1 060.6	-	978.2	82.4
5. Naval operations	-	-	-	-
6. Communications	810.0	628.0	628.0	182.0
7. Other equipment	648.0	599.3	599.3	48.7
8. Supplies and services	2 702.3	1 178.0	2 591.0	111.3
9. Air and surface freight				
(a) Transport of contingent-owned equipment	-	45.6	45.6	(45.6)
(b) Commercial freight and cartage	27.0	96.4	96.4	(69.4)
Subtotal, line 9	**27.0**	**142.0**	**142.0**	**(115.0)**
Total, Category III	**9 007.9**	**3 507.1**	**8 177.0**	**830.9**

	(1) *Apportionment*	*(2)* *Non-recurrent expenditure*	*(3)* *Total expenditure (inclusive of non-recurrent expenditure)*	*(4) = (1-3)* *Variance*
IV. Other programmes	-	-	-	-
1. Election-related supplies and services	-	-	-	-
2. Public information programmes	25.0	15.4	15.4	9.6
3. Training programmes	-	-	-	-
4. Mine-clearing programmes	-	-	-	-
5. Assistance for disarmament and demobilization	**25.0**	**15.4**	**15.4**	**9.6**
Total, Category IV	-	-	654.9	(654.9)
V. United Nations Logistics Base at Brindisi	1 939.1	-	1 939.1	-
VI. Support account for peacekeeping operations	2 123.0	-	1 950.8	172.2
VII. Staff assessment	**48 000.8**	**3 572.4**	**47 822.3**	**178.5**
Total, Categories I - VII	(2 123.0)	-	(1 950.8)	(172.2)
VIII Income from staff assessment	-	-	-	-
IX. Voluntary contributions in kind (budgeted)	**(2 123.0)**	-	**(1 950.8)**	**(172.2)**
Total, categories VIII and IX	45 877.8	3 358.9	**45 871.5**	6.3
Net requirements	-	-	-	-
X. Voluntary contributions in kind (non-budgeted)	**45 877.8**	**3 358.9**	**45 871.5**	**6.3**
TOTAL RESOURCES				

Annex II

Supplementary information on significant variances

Military personnel costs

Apportionment: $23,608,000; expenditure: $23,483,900; variance: $124,100

1. The unutilized balance of $124,100 under military contingents ($110,600) and contingent-owned equipment ($13,500) budget line items was attributable to the implementation of new contracts with ration providers at more favourable rates than previous contracts; non-utilization of combat rations for which provision was made following the August 1996 events in the Buffer Zone and the lower actual troop strength of 1,225, representing an average monthly vacancy rate of 0.4 per cent. The unutilized balance was partially offset by additional requirements under emplacement, rotation and repatriation of troops due to the additional rotation of the one contingent in accordance with national legislation for which budgetary provision had not been made.

Civilian personnel costs

Apportionment: $11,297,800; expenditure: $11,601,200; variance: ($303,400)

2. Additional requirements of $303,400 under this heading resulted from the unutilized balance of $116,700 under civilian police costs offset by additional requirements of $420,100 under international and local staff. Although there were average monthly vacancy rates of 4.9 per cent for international staff and 6.9 per cent for local staff (see annex III to the present report), additional requirements under local staff salaries and common staff costs were necessary due to the unforeseen retroactive increase of 12.5 per cent in local staff salaries effective from 1 January 1997.

Operational costs

Apportionment: $9,007,900; expenditure: $8,177,000; variance: $830,900

3. The unutilized balance of $830,900 under this heading resulted from reduced requirements totalling $1,042,000 under infrastructure repairs ($375,000), transport operations ($242,600), air operations ($82,400), communications ($182,000), other equipment ($48,700) and supplies and services ($111,300). These savings were offset in part by additional requirements totalling $211,100 under premises/accommodation ($96,100) and air and surface freight ($115,000).

Premises/accommodation

Apportionment: $1,319,300; expenditure: $1,415,400; variance: ($96,100)

4. Additional requirements of $96,100 resulted from unforeseen expenditures incurred for the construction of the rations warehouse on the United Nations protected area grounds ($137,000), as recommended by the Office of Internal Oversight Services, offset by some savings under utilities. The warehouse project was intended to improve control and monitoring of rations storage, distribution and consumption.

Infrastructure repairs

Apportionment: $400,000; expenditure: $25,000; variance: $375,000

5. The unutilized balance of $375,000 was due to the relatively mild winter and dry conditions experienced in Cyprus during the period under review, resulting in only minor maintenance requirements of the gravel surface of the patrol track.

Transport operations

Apportionment: $2,040,700; expenditure: $1,798,100; variance:$242,600

6. The unutilized balance of $242,600 was the result of: (a) lower actual unit costs of vehicles purchased than that budgeted for; (b) lower actual cost of the rental of vehicles and insurance and vehicle spare parts, petrol and lubricants; (c) a new and more favourable contract for provision of fuel from the northern part of the island ($0.49 per litre for petrol and $0.33 per litre for diesel, as compared with the budgeted ratio of $0.581 for the petrol and $0.37 for the diesel); and (d) replacement of petrol-powered contingent-owned vehicles which were written off during the period by diesel-powered commercially hired vehicles.

Air operations

Apportionment: $1,060,600; expenditure: $978,200; variance: $82,400

7. The unutilized balance of $82,400 under hire/charter costs ($100,800) and aviation fuel and lubricants ($3,400) was partially offset by an additional requirement of $21,800 due to a higher actual cost of obtaining liability and war-risk insurance. The reported savings were attributable to tight control over utilization of flying hours during the period. While the budgetary provision was based on 1,200 flying hours, the actual hours flown were 1,079. In addition, actual fuel consumption averaged 90 litres per hour, as compared with the budget estimate of 95 litres per hour.

Communications

Apportionment: $810,000; expenditure: $628,000; variance: $182,000

8. The overall savings of $182,000 for the period were due to lower costs of spare parts and workshop equipment obtained through local competitive bidding and reduced charges for commercial communications, arising from strict control over telephone usage, introduction of a log procedure and a reduction in the number of telephone lines.

Other equipment

Apportionment: $648,000; expenditure: $599,300; variance: $48,700

9. The unutilized balance of $48,700 under other equipment was attributable to savings realized under observation equipment, miscellaneous equipment and freight for generators. Out of 5 night observation devices and 20 binoculars projected for replacement, 3 night observation devices and 18 binoculars were repaired by specialized technicians from the British Forces Cyprus at no cost to the United Nations. In addition 50 air-conditioners and other miscellaneous equipment were received from the United Nations Logistics Base. These savings were partially offset by additional requirements under data-processing equipment to implement a project to upgrade the existing UNFICYP electronic data-processing system in order to make it compatible with hardware and software used at Headquarters. This also permitted successful implementation of the field assets control system in UNFICYP in August 1997.

Supplies and services

Apportionment: $2,702,300; expenditure: $2,591,000; variance: $111,300

10. The unutilized balance of $111,300 under this heading resulted from savings totalling $198,400 under (a) contractual services, owing to the decrease in the costs of laundry and dry-cleaning services in the southern part of the island provided by a new contractor as from 1 January 1998, as well as the decrease in the cost of --haircutting and tailoring services, obtained through competitive bidding; (b) medical treatment and services, due to the lower number of incidents of serious illnesses during the reporting period; and (c) uniforms, flags and decals, field defence stores and other supplies, due to economy and efficiency measures introduced in UNFICYP, including regular inventories of the existing stocks of operational supplies, strict control over requirements and receipt of consignment of defence stores from the Logistics Base in Brindisi. These unutilized balances were partially offset by additional requirements of $87,100 under miscellaneous services due to non-provision of funds for bank charges and higher actual monthly costs of other miscellaneous services, including advertisements.

Air and surface freight

Apportionment: $27,000; expenditure: $142,000; variance: ($115,000)

11. The additional requirements of $115,000 were due to unbudgeted expenses incurred in connection with repatriation of nine contingent-owned obsolete armoured personnel carriers to Argentina ($45,600); and additional freight cost requirements for goods received from the Logistics Base and ex-missions ($69,400).

Other programmes

Training programmes

Apportionment: $25,000; expenditure: $15,400; variance: $9,600

12. The unutilized balance of $9,600 was due to the lower than estimated cost of communications training courses undertaken by UNFICYP local staff.

United Nations Logistics Base at Brindisi

Apportionment: none; expenditure: $654,900; variance: ($654,900)

13. The expenditure of $654,900 represents the Force's prorated share of the cost of maintaining the United Nations Logistics Base at Brindisi, based on General Assembly resolution 52/1 A of 15 October 1997.

Staff assessment

Apportionment: $2,123,000; expenditure: $1,950,800; variance: $172,200

14. The unutilized balance of $172,200 was due to vacancies in international and local staff during the period.

Income from staff assessment

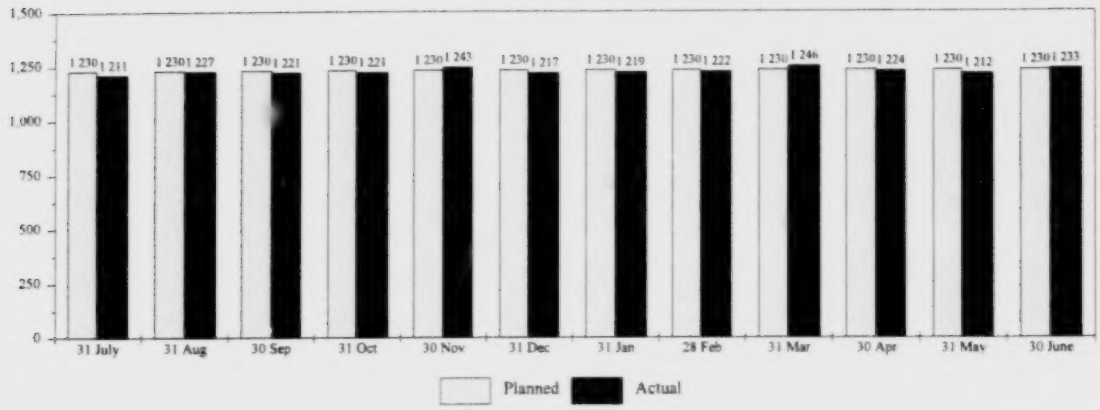
Apportionment: ($2,123,000); expenditure: ($1,950,800); variance: ($172,200)

15. This amount is derived from the previous section.

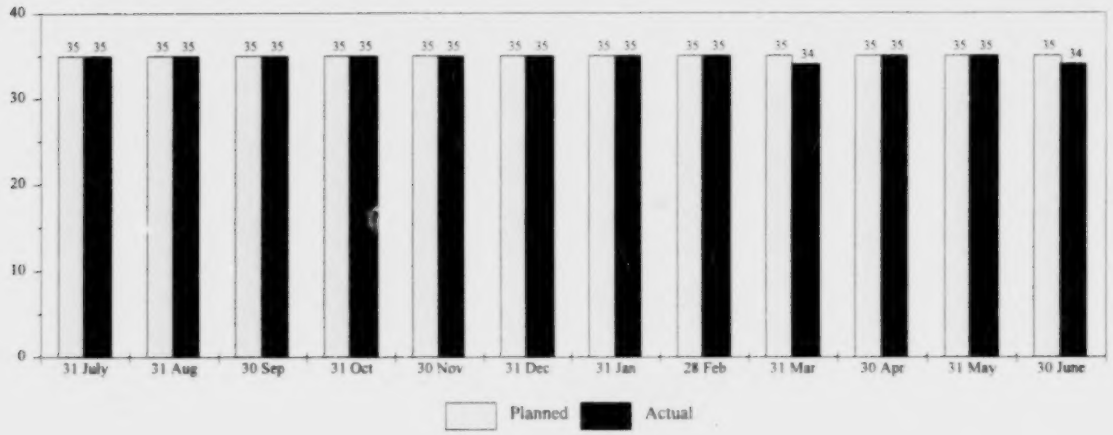
Annex III

Planned and actual deployment of military and civilian personnel for the period from 1 July 1997 to 30 June 1998

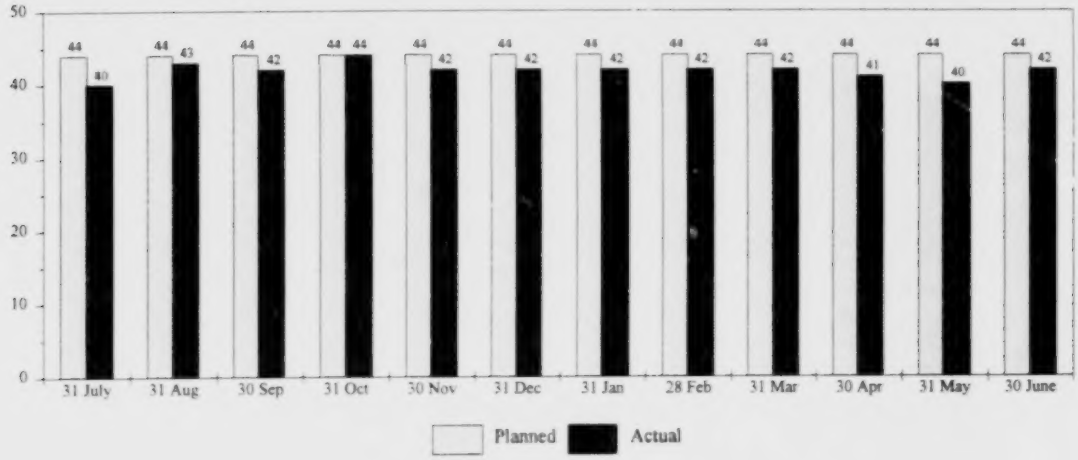
1. Military contingents



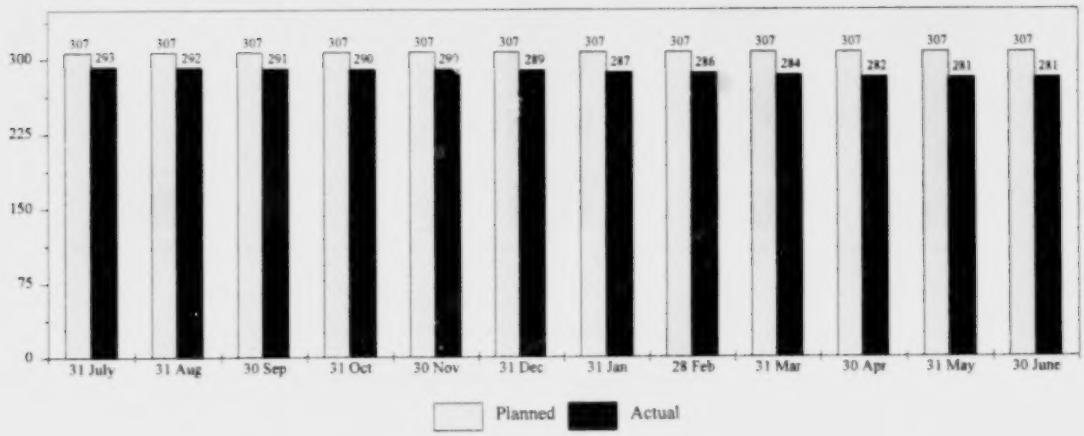
2. Civilian police



3. International staff



4. Local staff



Annex IV

Apportionment and expenditure for the period from 1 July 1997 to 30 June 1998